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C O N F I D E N T I A L TAIPEI 002655

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SUBJECT: TAIWAN HIGH COURT CLEARS KMT PRESIDENTIAL
CANDIDATE MA YING-JEOU IN CORRUPTION CASE

REF: TAIPEI 1839

Classified By: AIT Deputy Director Robert S. Wang,
Reasons: 1.4 (b/d)

¶1. (U) The Taiwan High Court on December 28 cleared KMT presidential candidate Ma Ying-jeou on all charges of corruption and breach of trust in an appeals case. This case involved Ma's use of a special mayoral allowance during his term as Taipei City Mayor from 1998 to 2006. Indicted on February 13, Ma was acquitted by the Taipei District Court on August 14 (reftel), but the prosecutor appealed that decision to the Taiwan High Court. After receiving the appeals verdict, the prosecutor will have fifteen days to decide whether to file a second and final appeal.

¶2. (SBU) While KMT supporters welcomed the decision with enthusiasm, a rather serious Ma appearing at a press conference greeted the verdict (in his own words) "calmly." He criticized the prosecutor, stressed his cooperation with the court, and predicted the DPP would take "stronger steps to suppress" him prior to the presidential election on March ¶22. Ma also said that, if elected, he would promote judicial reform so that ordinary people would not have to undergo the experiences he had encountered as the result of an unfair prosecution.

¶3. (SBU) Saying he was disappointed but not surprised at the verdict, one DPP leader questioned the objectivity of the judges. DPP spokesperson Hsieh Hsin-ni said this case was only the start of Ma's corruption problems, asserting that Ma faces more serious cases that are under investigation, involving the sale of certain KMT properties when Ma was party chairman.

¶4. (C) Global Views Monthly Polling Center Director Tai Li-an told AIT that he expected the verdict to boost the morale of KMT supporters, which will increase votes for the KMT in the party list portion of the Legislative Yuan (LY) elections on January 12. The decision will also give Ma a large but mostly temporary bump in polls that are likely to be conducted overnight by pro-Blue media such as United Daily News and China Times. Tai believed the court decision had already leaked out at the beginning of this week, judging from reactions by commentators and political parties in the last couple of days. He doubted that the DPP will be able to

gain traction on the KMT properties cases. Tai also suggested that the recent announcement of investigations of other KMT leaders, including vice presidential candidate Vincent Siew, was related to the expectation that Ma would be cleared.

Comment

15. (C) While the decision today can only help Ma, it is unlikely to have any dramatic effect on the presidential race. Supporters of the KMT and DPP will stick to their entrenched views, and Ma is already ahead in the polls. KMT supporters will become more confident in Ma's presidential prospects. However, Ma and the KMT will tread cautiously because they realize over-confidence has been a major factor in past election defeats and because they expect the DPP to step up efforts to discredit Ma as the presidential election draws closer. The presidential race will shift into higher gear following the LY elections, and the gap between Ma and DPP candidate Frank Hsieh is expected to narrow.

YOUNG